

# Reforestation of Timberlands Board Meeting

## MeadWestvaco Office in Appomattox VA

### March 8, 2012

RT Board Attendees: Chairman Greg Scheerer, Anne Beals, Cliff Somerville, Tom Newbill, Ervin Bielmyer, Tommy Barnes

VDOF: Carl Garrison, John Carroll, Dean Cumbia, Todd Groh, Becky Woodson

Board Members Not Attending: Carter Flippo, Frank Sherwood, Bill Carden

Guest for field trip: Travis Hill, Deputy Secretary of Agriculture and Forestry

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Chairman Greg Scheerer called the business meeting to order at 10:05 am, and reviewed the Anti-Trust Statement regarding discussion of prices, etc.

Mr. Garrison mentioned that Deputy Secretary Travis Hill will visit after lunch. He asked that Board members take time to educate Mr. Hill and let him know that the RT Program is important to sustainability of the forest resource.

Mr. Scheerer asked the Board if they had reviewed the September 2011 RT Board meeting minutes and if there were any changes. With no changes mentioned, Mr. Barnes made a motion to approve the minutes; Ms. Beals seconded. The motion passed with no opposition.

**Welcome and Agency Update:** Mr. Garrison gave an Agency/General Assembly Overview: four bills related to forestry:

(1) HB291 (Joe Johnson): **Timber harvest notification and trespass.** This legislation would require landowners to send written notification to adjoining landowners within 60 days prior to harvesting timber and to show proof of the notification to State Forester within 45 days.

Solution: Create a working group to review current legislation etc., for stakeholders/DOF/landowner on timber trespassing over summer and to submit a report and recommendation to Delegate Johnson and Secretary by October 1. The Bill was withdrawn.

(2) SB404 (Hanger Jr.) / HB456: **Riparian forest tax credit; refund.** This legislation would make the existing tax credit for riparian forest buffer protection refundable. Currently, the tax credit may be carried forward for five taxable years, but is not refundable. The AG BMP buffer credit program was established last year and allows the tax credits to go towards tax liability, however if the landowner can't take all of tax credit in year one, the Tax Department will pay the landowner the remaining value of the tax credit not claimed. A suggestion was made to upgrade the current legislation to allow all tax credits to be paid out in the first year. The Senate Finance Committee would like to get away from tax credit programs and structure it more like a grant program rather than "chasing" monies each fiscal year. Senator Emmett Hanger agreed to withdraw the bill and the House version was carried over until next year.

(3) SB559 (Hanger Jr.) - **State Forest Use Permits.** This legislation authorizes the State Forester to issue a “special use” permit for certain activities on state forest lands without the approval of the Board of Forestry. The bill expands the requirement for a permit for mountain biking to all bike riding. The existing \$15 fee would be removed and instead it would allow the State Forester to set the use fees through the regulatory process not the legislative process. The bill also removes the option of the State Forester to issue a separate license to trap on state forest lands. Emmett Hanger suggested changing the code to allow the State Forester to change the rates.

(4) SB 428 / HB995 (Ransome): **Limits the payment made to localities.** Currently the Code of Virginia states that the Department of Forestry will pay the county, where the state forest is located, one-fourth of the gross revenue derived from state forest lands. Therefore, localities receive one-fourth of the gross proceeds from any revenue-generating activity occurring on state forest lands. This Code change reads “revenue generated from timber”, not all revenue. Funds generated from other activities, approximately \$20,000 statewide in 17 counties. These funds will go back to State Forest system. The bill has passed.

(5) SB126 / HB239 (Knight): **Directs the Department of Forestry's forest tree nurseries to continue to use methyl bromide** (known ozone emitter) gas fumigation in their pre-seeding land preparation under the U.S. Environmental Protection Agency's listed usage exemption QPS (Quarantine & Pre-Shipment). The bill also authorizes the Department of Agriculture and Consumer Services to issue a phytosanitary certificate or a permit verifying that shipments of conifers and hardwood seedlings are free of pests and diseases.

Governor's Bills: HB766, SB128 – **Creates the Governor's Agriculture and Forestry Industries Economic Development Fund.** The bill establishes an economic development grant and loan program targeted specifically at agricultural and forestry operations. Grants and loans will be awarded to support localities' efforts to attract value-added or processing facilities using Virginia-grown products. Under the program, localities will apply for grants or loans after having established a relationship with a new or expanding business. 2M for small agriculture and forestry projects (pine needles, shitake mushroom, etc.). Fund will be administered by Secretary of Agriculture and Forestry. This Bill passed and was approved by the Governor on April 5, 2012.

HB1291: **Governor's Redevelopment and Reorganization Plan** dealt with every agency regarding Boards and Commissions (eliminated/combining). It was recommended that the RT Board and Board of Forestry will be merged. All seats on both Boards expire on June 30. The new merged Board will be called Board of Forestry and will have 13 members geographically distributed across state: two forest landowners, two pine lumber industry; two pine pulpwood industry; one hardwood manufacturing industry; one logger; plus four more. Terms will be staggered. Governor has not signed this Bill yet. We may still be able to use members of current Boards.

Budget Amendments: not signed; senate has not passed a bill proposal; can't go to conferees; have put together a workgroup to come up with budget proposal. The Governor has asked all agencies to submit a proposal as to what essential services from each agency would need to continue if the government needs to shut down.

- 1) Governor's proposal approved VDOF for a 1.3 million one-time spending for replacement of outdated equipment thru the Master Equipment Lease Program (MELP). House and Senate version has followed through.
- 2) Replacement of agency's outdated fiscal accounting system – 75% of system tracks RT payments (DB3 software – 20 years old; no support from company.) Estimate to replace is \$240K – break down into 2 year payment (120K each year). Wanted to take first payment of 120K from RT funds. Stakeholders and partners said no – that money goes for reforestation. Budget amendment explored from House and Senate: House version put \$120 into budget for 2013 to handle funds from RT. Senate version: more worried about not matching RT tax severance in 1:1 will through extra ½ million into RT for each year – current match \$940K. Don't know which version will come out.

New Initiative for VDOF: *VDOF Going Mobile* will make our field staff more effective (laptops, switch current cell phones to Smart Phones, mounts in trucks for laptop, etc.) VDOF needs to raise its own money for this and will sell three offices to generate the needed funds. These funds can be kept by agency ~ \$430K. Mr. Bielmyer asked about if we could use State Police vendor for equipment – Mr. Garrison said we still need to go through VITA. Mr. Bielmyer asked if other State forestry agencies have gone mobile. Mr. Garrison responded that West Virginia Forestry has gone mobile. Mr. Bielmyer noted there are positive and negative issues with mobile working/working from home in that you never really leave the job. The opposite side of the argument is that employees need to be trustworthy so there is confidence that they are putting in the time.

Mr. Garrison discussed the budget reductions including; loss of four full time positions, no fire calendars for next two years and loss of support for Virginia Tech research. In total, the DOF will have a 14,000 across the agency reduction. Mr. Newbill asked about selling the DOF offices: six total (three for the VDOF Going Mobile, and three for the budget reduction). The DOF will sell the offices in Prince George, Farmville, Sandston, Goochland, Galax and Brunswick. We will try to eliminate more leased offices also and look at other efficiencies and consolidation. DOF will need to do all this as a “planned mission.” Mr. Bielmyer supports this initiative.

**Nursery/Tree Improvement Program Update:** Mr. Carroll updated the members on the nursery and tree improvement program by starting with the announcement that Harvey Darden has been permanently hired as the Director of State Lands. He will oversee the State Forests, nurseries and Tree Improvement Program.

A total of 26 million loblolly were produced for this year's planting season. Lifting of those seedlings will be completed soon. The DOF planted 1.3 million white pine and we will probably sell most of those. The DOF produced about 750,000 hardwoods and it continues to be a challenge to sell those seedlings. Over the last two years, Augusta Forestry Center has made a profit selling the white pine and hardwood seedlings. Due to the increased demand for loblolly pine, DOF plans to increase our crop for next year to 28M. The total growing capacity at Garland Gray Forestry Center is 30M. With the increased interest in bio-mass markets, we may need to expand production.

The DOF will be growing a small supply of containerized longleaf pine at the Garland Gray Forestry Center using USFS Redesign grant. Virginia source longleaf pine seedlings are in high demand.

The Board was informed that ArborGen has trademarked the mass control pollination acronym (MCP®) and therefore the Department will use the term “mass controlled pollination” in all our publications and other literature. The DOF has a lot of plans in 2012-13 including; continuing to produce mass control pollination seedlings, harvesting cones at the New Kent seed orchards, and trying to increase the longleaf cone harvest by searching out more native trees for seed.

Mr. Bielmeyer is concerned about the loss of “hot planting” loblolly pine because of questionable effectiveness of the pales weevil treatment on the seedlings. John said that there have been a lot of problems reported over the years and suggested that if it is high probability site for pales weevil, it may be best to let the tract layover for a year. VDOF nurseries use a good process to apply the weevil treatment by ensuring that the chemical gets on the stem and at the labeled rate. Mr. Bielmeyer will contact Heather Dowling, VDOF Forester in Dinwiddie County to come look at several questionable tracts that he is aware of.

And finally, John Carroll announced his retirement as of May 1.

**Review Items:** Todd Groh referred to the two handouts in the meeting packet and reviewed the 2012 budget figures; where the program stands at this time as well as the current on-ground accomplishments.

Mr. Scheerer asked about why in the table there was a Practice #9, but there was no description of the practice below the table. Mr. Groh explained that the DOF Fiscal Division uses the practice number to track a few carryover projects. Todd also pointed out that some progress has been made to increase the use of herbicide site preparation. The Regional RT allocation report showed that there was still 149,000 unobligated in the Regions, but we expect that number to be closer to zero because there is a little “lag time” between applications that are taken in the Regions and when they are forwarded to the DOF Headquarters and reported.

Mr. Groh reviewed the Forest Product Tax Revenue report and mentioned that the first and second quarter tax payments were low as compared with last year’s collection so the report shows that the programs is about 81,000 behind at this date. Todd will continue to monitor the tax collection on a monthly basis to determine if there is likely to be a shortfall.

H2B guest worker program: The letter to the Secretary of Agriculture and Forestry stating the Boards concern over the new H2B wage increases was drafted but had not been sent yet, due to the fact that the Labor Department regulations had been delayed until October 1, 2012.

Mr. Groh also mentioned that there seemed to be an increased interest in the Department of Taxation position to help determine who in the forest industry is and should be paying the forest products tax. Mr. Garrison confirmed that there is a renewed interest; however there is still a hiring freeze that would prohibit moving forward with the position at this time, since the position would not be “mission critical” for either department.



**Information and Discussion Items:** Mr. Groh asked for comments regarding proposed practice rates for 2012-13. There was discussion regarding the benefits of site preparation, particularly herbicide site preparation. Site preparation can greatly reduce the need to follow up with pine release later, and results in much better early growth. Also, to more fully capture the benefits of higher genetic quality seedlings, site preparation is very important. Mr. Scheerer suggested that Practice 2 – site preparation and planting loblolly or Virginia pine be increased, with a suggestion of \$10 - \$15 per acre more, and tie it to higher genetic quality, if possible. The Board suggested raising the rate for Practice #4, herbicide site preparation and planting to \$90/ac if possible – the highest rate allowed by code. Todd said that he would contact the Board members prior to the new rates being set to see if there were any concerns.

The business meeting concluded at 12:15 pm.

Following lunch, the Board enjoyed a very informative tour, hosted by Greg Scheerer, on Mead Westvaco properties in Amherst and Appomattox Counties. Tour stops included hardwood plantings, a pine site preparation and reforestation site, and a pre-commercial thinning site.

